

# What happens to workers who start at the minimum wage?



Proponents of a higher minimum wage often imply that entry-level employees go years without a wage increase. Common sense suggests otherwise: the vast majority of those who start at the minimum wage do not remain there for long. William Even of Miami University, Ohio and David Macpherson of Florida State University provide a valuable in-depth analysis of how quickly most people move up the wage scale, what factors influence their progress, and how minimum wage increases affect wage growth above the minimum.

Here are some of the highlights of the research drawn from Current Population Survey files between 1977 and 1997:

- The median annual wage growth for minimum wage workers was 10.1%. For full-time minimum wage workers, median wage growth in the first year is 13.8%, significantly higher than median annual wage growth for all employees which typically measures 2% to 5%.
- The first-year exit rate is significantly higher for full-time workers (67%) than for part-time employees, whose exit rates range from 55% for those with the lightest work schedules to 61% for those working 30-34 hours per week.



- The average wage increase after one year is:  
8.06% – for employees with less than a high school education;  
11.76 – for high school graduates;  
14.47% – for those with some college; and  
20% or more for college graduates.

## Rising Above the Minimum Wage

Dr. William Even of Miami Univ. of Ohio  
Dr. David Macpherson of Florida State Univ.

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